

BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

BOB STUMP - Chairman GARY PIERCE BRENDA BURNS BOB BURNS SUSAN BITTER SMITH 2014 JAN 15 P 3: 13

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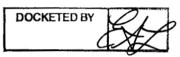
IN THE MATTER OF THE APPLICATION OF ARIZONA TELEPHONE COMPANY, AN ARIZONA CORPORATION, FOR A HEARING TO DETERMINE THE EARNINGS OF THE COMPANY, THE FAIR VALUE OF THE COMPANY FOR RATEMAKING PURPOSES, AND TO INCREASE RESIDENTIAL RATES AS NECESSARY TO COMPENSATE FOR THE RATE IMPACTS OF THE FCC'S USF/ICC TRANSFORMATION ORDER.

DOCKET NO. T-02063A-13-0411

Arizona Corporation Commission

DOCKETED

JAN 15 2014



PROCEDURAL ORDER

BY THE COMMISSION:

On November 27, 2013, Arizona Telephone Company ("AZ Telephone") filed with the Arizona Corporation Commission ("Commission") pursuant to A.R.S. §40-250 and Arizona Administrative Code ("A.A.C.") R14-2-103 for a determination of its earnings and the fair value of its investment ("Rate Application"). AZ Telephone requested that its residential rates be increased as necessary to compensate for the rate impacts of the Federal Communication Commission's ("FCC") November 18, 2011, USF/ICC Transformation Order ("USF/ICC Order"). AZ Telephone states that because it is located in a low density area, it depends on federal high-cost loop support mechanisms, and that to retain federal support, it must increase local area rates to the annual floor as determined by the FCC. At the time of filing the Rate Application, AZ Telephone did not know what the 2014 floor would be, and expected the rate to be announced in early 2014, to be effective June 1, 2014. Because of the short period of time to adjust AZ Telephone's rates to avoid the loss of federal support which AZ Telephone alleged would be detrimental to ratepyers, AZ Telephone requested that the Commission approve a local residential rate increase of up to \$19.00. AZ Telephone did not file all of the schedules required for a typical rate case under A.C.C. R14-2-103, and requested a waiver of any provisions of this rule not required by the Arizona Constitution and laws.

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On December 16, 2013, AZ Telephone filed a Time Clock Waiver in order to allow for additional time to determine the best way to process the application.

In a Special Open Meeting on January 14, 2014, the Commission agreed to adopt the proposal by the Commission's Utilities Division ("Staff") that would not require the applicant to file all of the schedules normally required under A.A.C. R14-2-103 for rate applications because of the short time frame when new rates must be in effect. The Commission had utilized a similar procedure after the USF/ICC Order was first issued and required the first increase in local area rates.

Given the short time frame for processing the Rate Application, it is necessary to establish an expedited process for this matter.

IT IS THEREFORE ORDERED that a **Telephonic Procedural Conference** for the purpose of setting the matter for hearing and establishing the procedures, including notice, that will govern this proceeding shall commence on **January 22**, **2014**, **at 10:00 a.m.**, or as soon thereafter as practical at the Commission's Tucson offices, **Room 222**, **400 W. Congress**, **Tucson**, **AZ 85750**. To participate, interested parties may utilize the following bridge line: **1-888-450-5996**, **Code 457395**.

IT IS FURTHER ORDERED that in the interest of judicial efficiency and economy, the Procedural Conference in this matter will be held concurrently with Procedural Conferences being set for similar requests made by Southwestern Telephone Company (Docket T-01072A-13-0412), Table Top Telephone Company, Inc. (Docket No. T-02724A-13-0416), South Central Utah Telephone Association, Inc. (T-01923A-13-0428), Copper Valley Telephone, Inc. (Docket No. T-02727A-13-0458) and Valley Telephone Cooperative, Inc. (Docket No. T-01847A-13-0475).

IT IS FURTHER ORDERED that the Administrative Law Judge may rescind, alter, amend, or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

APNISTRATIVE LAW JUDGE

DATED this 154h day of January, 2014.

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2	Copies of the foregoing mailed/delivered this 15 That you of January, 2014, to:
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4	Craig A. Marks Craig A Marks, PLC 10645 N. Tatum Blvd, Ste. 200-676
5	Phoenix, AZ 85028
6	Attorney for Arizona Telephone Company
7	Janice Alward, Chief Counsel Legal Division
8	ARIZONA CORPORATION COMMISSION 1200 West Washington Street
9	Phoenix, AZ 85007
10	Steven M. Olea, Director Utilities Division
11	ARIZONA CORPORATION COMMISSION 1200 West Washington Street
12	Phoenix, AZ 85007
13	COASH & COASH, INC. COURT REPORTING, VIDEO & VIDEOCONFERENCING 1802 N. 7 th Street,
14	Phoenix, AZ 85006
15	
16	By: Plinque M
17	Rebecca Unquera Assistant to Jane L. Rodda
18	Assistant to Jane E. Rodda
19	
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21	
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